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# CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

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CIA-RDP82-00457R001000570001-1

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COUNTRY Ethiopia

DATE: 25X1A6a

INFO.

3 November 1947

SUBJECT Proposed Exchange Control Regulation in Ethiopia

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PAGES

ORIGIN

SUPPLEMENT

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1. The Ethiopian Ministry of Finance is attempting to secure the enactment of a decree or law requiring the surrender of a portion of U.S. dollars, acquired through exports of Ethiopian products, to the State Bank of Ethiopia for Government use.
2. There is opposition to this proposed measure from the Ministry of Commerce and from the Imperial Palace, probably as a result of intercession on behalf of some of the exporters.
3. The proposed regulation would require the surrender of 50% of all American dollars earned, in exchange for Ethiopian dollars at the current fixed State Bank's rate of exchange. Export permits would be required for all shipments outside the country and would be granted only upon production of purchasers' documents. Foreign exchange is then to be acquired by the State Bank from the purchaser.
4. It is not anticipated that this exchange regulation will be put into effect before the first of the year 1948, but it probably will be necessary to effect it shortly thereafter, because of the critical dollar position of the Ethiopian Government.
5. One of the desired results will be the elimination of a group of small exporters who use their dollars thus earned for speculation on exchange within Ethiopia.
6. The Ministry of Finance has recently purchased \$US 200,000 in Saudi Arabia at a price of shillings 5.85 to 6.00, and \$US 100,000 in Ethiopia for shillings 6.15. The present purchase price for \$US in Addis Ababa in small amounts is around shillings 6.50, but large amounts are hard to find. There is no law which specifically forbids the sale of foreign exchange in Ethiopia, so this is an open-market rather than a black-market price.
7. At present over half the exported produce of Ethiopia goes to or through Aden, and all the dollar exchange thus acquired is lost to Ethiopia.

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Comment: The probable result of this regulation, if it is enacted, and the continued rigid enforcement of the Price Control Act, will be a serious reduction of the foreign trade of Ethiopia.

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CLASSIFICATION CONFIDENTIAL

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NO CHANGE in Class. ☐

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